

COURSE OBJECTIVES

LEARN ABOUT YOUR FEDERAL ANNUITY

- **How it will be calculated**
- **When you can qualify**
- **Some actions you may need to take now to avoid reductions**
- **What your survivors will be eligible for at your death**

COURSE OBJECTIVES

LEARN ABOUT YOUR SOCIAL SECURITY

- **How it will be calculated**
- **What your family members may be eligible to receive**
- **When and how you qualify**

COURSE OBJECTIVES

LEARN ABOUT YOUR THRIFT SAVINGS PLAN

- **Why it is such a good thing**
- **Important changes in the future**
- **How much you can expect to accumulate in your account by the time you retire**
- **When and how you can draw out your money**

COURSE OBJECTIVES

- Become aware of changes that will take place in your FEGLI and FEHBP in retirement

COURSE OBJECTIVES

- Learn what the federal Long Term Care Insurance program is and how you can apply for coverage

IDENTIFYING YOUR RETIREMENT PROGRAM FERS



- Hired after 12/31/83
a covered position
- or
- Transferred from CSRS

WHERE YOUR MONEY GOES UNDER FERS

Civil Service
Trust Fund



.8%

TSP



Up to 13%



Social Security

6.2%

RETIRING UNDER “NORMAL” RULES FERS

- MRA of 55 to 57 with 30 years
- Age 60 with 20 years
- Age 62 with 5 years

RETIRING UNDER “NORMAL” RULES

FERS SUPPLEMENT

- Special payment from OPM to supplement annuity until Social Security begins at 62
- Subject to “earnings test”

EARLY RETIREMENTS

- Occur during periods of major reorganization or downsizing
- May be voluntary or involuntary

EARLY RETIREMENTS

- Age 50 with 20 years
- Any age with 25 years

**No supplement payable til MRA*

Note: Transferees take reduction of 2% per yr in CSRS component if under 55

MRA + 10 RETIREMENT FERS ONLY

- Can retire with just 10 years of service at MRA
- Annuity reduced 5% for each year under age 62
- Can postpone annuity to avoid age reduction
- No supplement payable

DEFERRED BENEFITS

- Payable to employees who do not qualify for immediate annuity at separation and leave contributions in trust fund

DEFERRED BENEFITS

FERS

- MRA with 30 years
- Age 60 with 20 years
- Age 62 with 5 years
- MRA with 10 (reduced)

****No supplement payable****

CREDITABLE SERVICE

May include:

- Federal civilian service
- Military service
- Periods of LWOP or WC
- Unused sick leave (transferees only)

CREDITABLE SERVICE

Unused Sick Leave

Transferees receive lesser of:

- SL balance at time of transfer or
- SL balance at time of retirement

Creditable once minimum length of service met

DEPOSIT



SERVICE

You may need to make a deposit
into the Civil Service Trust
Fund to cover certain types of
federal civilian service and
military service

DEPOSIT SERVICE FOR TRANSFEREES

- CSRS rules apply to CSRS component
- FERS rules apply to FERS Component
- *Note: Deposits and redeposits for transferees often fall under CSRS rules*

CIVILIAN SERVICE DEPOSITS FOR FERS

- Performed before 01/89
 - Creditable only if deposit made
 - Must deposit 1.3% of base pay at time plus variable interest
 - Obtain SF3108 to deposit

CIVILIAN SERVICE DEPOSITS FOR FERS

- Performed 1/89 or later
 - Deposit not an option
 - Service not creditable for eligibility or comp

CIVILIAN SERVICE DEPOSITS-CSRS RULES

- Performed before 10/82
 - Fully creditable but annuity will be reduced annually by 10% of amount owed
 - Deposit avoids reduction

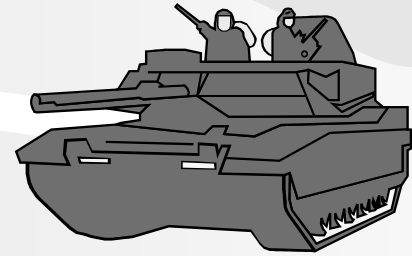
CIVILIAN SERVICE DEPOSITS-CSRS RULES

- Performed 10/82 on
 - Creditable for eligibility without deposit
 - Creditable for comp only if deposit is made

CIVILIAN SERVICE DEPOSITS-CSRS RULES

- Deposit is generally 7% of base pay plus interest:
 - 3% interest annually if noncovered service was prior to 10/82
 - Variable interest if noncovered service was 10/82 or later
- Contact agency personnel office for SF2803

MILITARY SERVICE DEPOSITS



- To get credit for post-1956 military service:
 - Must have been active duty and honorable
 - Must generally waive military retirement

MILITARY SERVICE DEPOSITS FOR FERS

- Creditable for comp and eligibility only if deposit is made and military pay waived

MILITARY SERVICE DEPOSITS FOR FERS

- Must pay 3% of base military pay plus variable interest
- Complete RI 20-97 and submit to your branch of service along with DD-214
- Contact agency personnel office for assistance and to complete SF3108

MILITARY SERVICE DEPOSITS-CSRS RULES

- Hired before 10/82
 - Fully creditable until 62 without deposit
 - Dropped from comp at 62 if eligible for SS and no deposit made

MILITARY SERVICE DEPOSITS-CSRS RULES

- Hired 10/82 on
 - Creditable for eligibility without deposit
 - Not creditable for comp unless deposit made

MILITARY SERVICE DEPOSITS-CSRS RULES

- Must pay 7% of base military pay plus variable interest
- Complete RI 20-97 and submit to your branch of service along with DD-214
- Contact agency personnel office for assistance and to complete SF2803



WITHDRAWN CONTRIBUTIONS

- FERS contributions cannot be redeposited
- Transferees who had a break in service and withdrew contributions from the Civil Service Trust Fund may redeposit only CSRS component withdrawals

REDEPOSITS UNDER CSRS RULES

- Work Ended Before Oct 1990
 - Fully creditable
 - Annuity actuarially reduced if redeposit is not made

REDEPOSITS UNDER CSRS RULES

- Work ended Oct 1990 or later
 - Creditable for eligibility only
(with no redeposit)
 - Fully creditable with deposit

CALCULATING YOUR ANNUITY

- Amount of annuity based on:
 - Total creditable years of service
 - Highest 3 consecutive years of salary

CALCULATING YOUR ANNUITY TRANSFEREES

- Receive a blended benefit with:
 - FERS %'s for FERS yrs
 - CSRS %'s for CSRS yrs

CALCULATING YOUR ANNUITY

FERS COMPONENT

- Under age 62
 - $\text{Hi-3} \times 1\%$ for each year
- Age 62 with 20 years
 - $\text{Hi-3} \times 1.1\%$ for each year of service

CALCULATING YOUR ANNUITY

CSRS COMPONENT

Hi-3 x 1.5% for 1st five

Hi-3 x 1.75% for 2nd five

Hi-3 x 2% for remaining years

DEDUCTIONS FROM ANNUITY

- Taxes
- If elected:
 - Cost of Health Ins
 - Cost of Life Insurance
 - Cost of Survivor Annuity

TAXATION OF ANNUITY

- Most of annuity will be taxed
- Small portion will be tax-free based on total contributions to Trust Fund and age at time of retirement

TAXES

FEDERAL ANNUITY

- To determine non-taxable portion, obtain total contributions to Retirement Fund from CSA-1099R
- Divide by factor from Table 1 or 2 on worksheet

See IRS PUB 721

COST OF HEALTH INSURANCE



- Employee's share of cost remains the same
- Government continues paying its share

COST OF LIFE INSURANCE

- Cost of basic increases with retirement
- Cost of options increases with age

SPOUSAL SURVIVOR ANNUITY



- At retirement, your spouse can:
 - Elect maximum annuity
 - Elect reduced annuity
 - Waive survivor annuity

SPOUSAL SURVIVOR ANNUITY

WARNING!!!

- Failure to elect a survivors annuity may result in loss of health insurance coverage for your spouse at your death



SURVIVOR ANNUITY FERS

- Maximum annuity
 - Equals 50% of your base annuity
- Reduced annuity
 - Equals 25% of your base annuity

SURVIVOR ANNUITY FERS

\$\$ COST \$\$

- Maximum benefit
 - 10% of base annuity
- Reduced benefit
 - 5% of base annuity

SURVIVORS ANNUITY AND FORMER SPOUSES

- Former spouse with qualifying court order takes precedence over current spouse
- Employee still required to make election for current spouse

CHANGING SPOUSAL ANNUITY ELECTIONS

- Make any change within 30 days of receipt of first regular annuity payment
- Make increases during first 18 months retro to retirement date, subject to interest and penalties

CHANGING SPOUSAL ANNUITY ELECTIONS

- Marriage after retirement:
 - may elect survivors annuity within two years

NOTE: When spouse dies before retiree, reduction for spousal annuity is stopped

INSURABLE INTEREST SURVIVORS ANNUITY

- Provides monthly annuity to person who has insurable interest in retiree
- Cost depends on age difference between retiree and survivor

OTHER DEATH BENEFITS



- No election required for monthly annuity to:
 - Surviving spouse of deceased employee
 - Surviving children of deceased employee or retiree

DEATH BENEFITS FOR SPOUSE OF EMPLOYEE

FERS

With 10 years of service:

- Eligible for monthly pmt
- Amount equals 50% of employee's earned benefit

DEATH BENEFITS FOR SPOUSE OF EMPLOYEE

FERS

With 18 months service, eligible for:

- $\frac{1}{2}$ annual salary at death
- Lump sum of \$24,354.74

(Paid in addition to monthly annuity with 10 years service)

DEATH BENEFITS FOR CHILDREN



- Definition of Child
 - Under 18
 - Full time student under age 22
 - Disabled before age 18

DEATH BENEFITS FOR CHILDREN



- Payable to children of retirees or employees
- Amount of benefit:
 - \$384 to \$461 monthly
- *Note: FERS benefit will be offset by Social Security*

LUMP SUM DEATH BENEFITS

- Payable to designated beneficiary when no monthly survivor benefit is payable
- Payment represents employees contributions remaining in Civil Service Trust Fund plus interest

DISABILITY BENEFITS

- Must be unable to perform useful, efficient service
- Must be considered for placement in vacant position in same agency, at same pay, in same commuting area



DISABILITY BENEFITS FERS

- Need 18 months service
- Payable 1st year
 - 60% x Hi-3 less 100% SS
- Payable 2nd year on
 - 40% x Hi-3 less 60% SS

COST OF LIVING ADJUSTMENTS

FERS TRANSFEREES

- CSRS rules apply to CSRS component
- FERS rules apply to FERS component

COST OF LIVING ADJUSTMENTS FERS COMPONENT

- Payable at 62 (eff. Dec)
- Equals rate of inflation as measured by CPI minus 1% if inflation exceeds 3%

COST OF LIVING ADJUSTMENTS

CSRS COMPONENT

- Effective Dec. of year annuitant becomes eligible
- Equals rate of inflation as measured by CPI

PICKING YOUR FERS RETIREMENT DATE

- Employee first eligible in the month following retirement date

EXAMPLE

Date of Retirement: Dec 31

First Eligible: Month of Jan

First Check Payable: Feb 1



LUMP SUM PAYMENT FOR ANNUAL LEAVE

- Will receive lump sum for:
 - 240 carryover plus
 - Unused leave for current year
- Takes about 2 to 4 weeks
- Consider tax implications

PERSONNEL OFFICE ACTIONS

- Review OPF
- Send annuity estimate and info on deposits and redeposits
- Send necessary forms

YOUR ACTIONS FERS



- Review forms and estimates carefully, especially SF-3107-1:
CERTIFIED SUMMARY OF FEDERAL SERVICE
- Complete and return all required forms

Review Beneficiary Designations

- Civil Service Trust Fund
 - SF-3102
- FEGLI
 - SF 2823
- Thrift Savings
 - TSP-3

OPM ACTIONS AFTER SEPARATION

- Acknowledges receipt of application; issues CSA #
- Issues interim payment which is 80-95% of full benefit in about 2 to 4 weeks after receipt

OPM ACTIONS AFTER SEPARATION

- OPM becomes point of contact for all future inquiries

1-888-767-6738

Email: retire@opm.gov

www.opm.gov

SOCIAL SECURITY



- Will you be eligible?
 - Need 40 work credits
 - Must earn \$890 in 2003 to get one work credit
 - May earn max of 4 work credits per year (\$3560)

SOCIAL SECURITY

- How will the benefit be calculated?



MULTI-STEP
FORMULA
USED

SOCIAL SECURITY

- How old must you be to retire?
 - Reduced benefits at 62
 - Full benefits between 65 and 67 based on you date of birth

SOCIAL SECURITY

- STEP 1
 - Actual wages will be converted to figures more relevant to today's earnings. This is called indexing.



SOCIAL SECURITY



- STEP 2
 - Highest 35 years of indexed earnings will be added together.

SOCIAL SECURITY

- STEP 3
 - Sum of 35 years will be divided by 420 (the number of months in 35 years)
 - This provides the AIME (average indexed monthly earnings)

SOCIAL SECURITY

- Step 4 - Three-part formula applied to AIME:
 - a. $90\% \times 1^{\text{st}} \606 of AIME
 - b. $32\% \times$ dollars over \$606 up to \$3653
 - c. $15\% \times$ dollars over \$3653

SOCIAL SECURITY

Windfall Elimination Provision

- Modified formula which may be applied to retirees with a CSRS component (transferees)
- Affects only the social security payable on your own work record

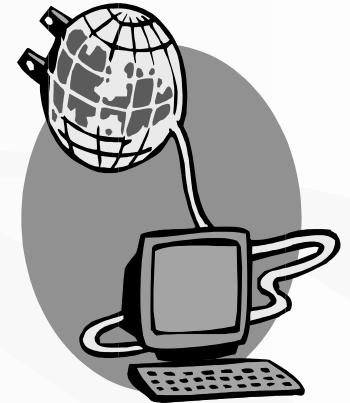
SOCIAL SECURITY

Windfall Elimination Provision

- Step 4 - Three-part formula applied to AIME:
 - a. $40\% \times 1^{\text{st}} \606 of AIME
 - b. $32\% \times$ dollars over \$606 up to \$3653
 - c. $15\% \times$ dollars over \$3653

SOCIAL SECURITY ONLINE SERVICES

www.ssa.gov



- Click on “Top Ten Requests” to obtain your personalized social security benefit estimate

SOCIAL SECURITY AND MILITARY SERVICE

Extra earnings for military service

- Service in 1978 or later
 - \$100 for every \$300 active duty pay (max added per year \$1200)
- Service in 1957 thru 1977
 - \$300 for each calendar quarter active duty pay (max added per year \$1200)
- Service before 1957 - \$160/mo

SOCIAL SECURITY EARNINGS TEST

- Applies only while under FRA
- Reduces SS benefit in years before FRA (*\$1 for \$2*) when “earnings” exceed \$11,520
- Does not apply to savings, pensions, annuities, etc.

SOCIAL SECURITY FOR FAMILY MEMBERS

- Both life and death benefits may be payable to a current spouse, former spouse and your children

SOCIAL SECURITY FOR FAMILY MEMBERS

- Life benefit for spouse
 - Full retirement age -50%
 - Age 62 (reduced) -31½ -37½%
 - Child-in-care (<16) -50%

*Divorced spouse must have been married
10 years*

SOCIAL SECURITY FOR FAMILY MEMBERS

Death benefit for spouse

- Full retirement age -100%
- Age 60 (reduced) -71½%
- Child-in-care (<16) -75%

*Divorced spouse's entitlement won't
affect current spouse*

SOCIAL SECURITY

Gov't Pension Offset

- Applies only to annuitants who transferred from CSRS and retire in less than 5 years from date of transfer
- Affects social security benefit payable to you as a spouse

SOCIAL SECURITY FOR FAMILY MEMBERS

- Children
 - Under 18
 - Between 18 and 19 but still in high school
 - Disabled before age 22

SOCIAL SECURITY FOR FAMILY MEMBERS

- Benefits for children:
 - Life benefit 50%
 - Death benefit 75%

*There is a family maximum payable on
any one record*

TAXES

SOCIAL SECURITY

- 50% of SS is taxable if “provisional” income is:
 - \$32 to \$44K - married
 - \$25 to \$34K- single

- 85% of SS is taxable if “provisional” income is:
 - \$44K+- married
 - \$34K+- single

See IRS PUB 554

FEDERAL EMPLOYEES HEALTH BENEFIT PLAN

- Types of Plans
 - Fee for Service
 - Pre-paid
- Types of Enrollments
 - Self-only
 - Self and family

FEHBP

- Must have been in effect 5 years preceding retirement
- Becomes secondary when Medicare begins
- Enrollment/carrier changes allowed in retirement

FEHBP PREMIUM CONVERSION

- Allows employees to have premiums withheld before taxes
- Premium conversion not available to retirees

MEDICARE

- Eligible at 65
- Two Parts
 - Part A – Hospital Ins (free)
 - Part B – Supplementary Medical Ins (\$58.70 mthly)
- Primary in retirement

Enrollment Periods

MEDICARE

Initial Enrollment Period

- Begins 3rd month before age 65 and runs thru 3rd month after age 65
- Enrollment outside of IEP may result in surcharge for Part B (10% per year)

MEDICARE ENROLLMENT PERIODS

General Enrollment Period

- Runs Jan thru Mar each yr

Special Enrollment Period

- For persons still working at 65 and covered by employer
- Begins month of retirement and runs for 8 months

THRIFT SAVINGS PLAN

- Provides opportunity for tax-deductible contributions and tax deferred growth
- Government contributes 1% automatically and matches up to an additional 4%

FUTURE CHANGES TO THRIFT SAVINGS PLAN

- Increased contributions to TSP
 - May currently contribute 13%
 - May contribute 14% effective 12/03
 - May contribute 15% eff 12/04
- Effective December 2005 there will no longer be a percentage cap on TSP contributions

FUTURE CHANGES TO THRIFT SAVINGS PLAN

- Increased deferral limits
 - Current limit - \$12,000
 - Limit effective 2004 - \$13,000
 - Limit effective 2005 - \$14,000
 - Limit effective 2006 - \$15,000

FUTURE CHANGES TO THRIFT SAVINGS PLAN

- Catch-up Contributions for Persons 50 and above:
 - 2003 - \$2000
 - 2004 - \$3000
 - 2005 - \$4000
 - 2006 - \$5,000

THRIFT SAVINGS PLAN

- Open season:
 - Allows you to begin or change contributions
- Interfund transfers:
 - Allow you to move money between funds daily

TSP INVESTMENT OPTIONS

- G fund –Gov't Securities
- F fund –Bond Index
- C fund –Common Stock Index
- S fund – Small Cap Index
- I fund – International Index

TSP RATES OF RETURN

- 10-year annualized rates of return for 1993 through 2002:
 - C Fund – 9.29%
 - F Fund – 7.49%
 - G Fund – 6.24
 - S Fund – 7.3% (Wilshire 4500)
 - I Fund – 3.9% (Morgan Stanley EAFE)

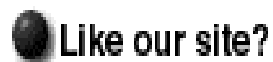
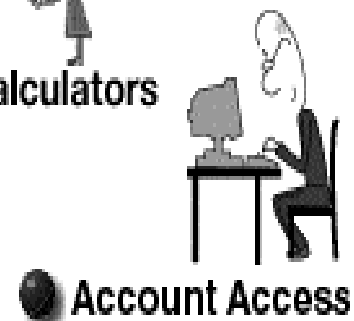
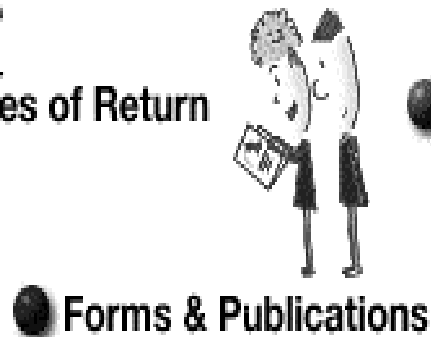
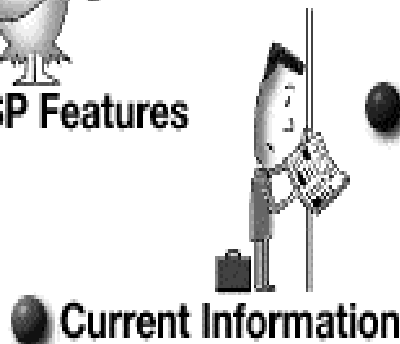
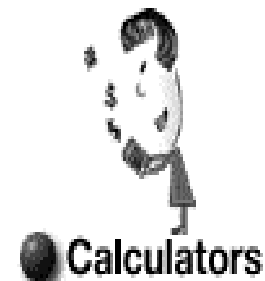
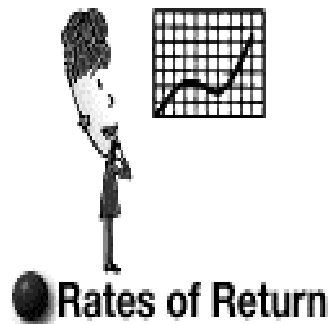
TSP ONLINE



www.tsp.gov

- Calculators
 - Projecting Acct Bal.
- Account Access
- Rates of Return

TSP HOMEPAGE



TSP LOANS

- General Purpose
 - 1 to 5 year repayment
- Residential
 - 1 to 15 yr repayment

Loans are not available to retirees

TSP WITHDRAWAL OPTIONS



- Roll funds into IRA
- Transfer to qualified plan
- Receive equal monthly pmts
- Receive one-time partial pmt
- Receive entire lump-sum
- Purchase annuity

ANNUITY OPTIONS THRU TSP

- Fixed Annuity
 - Single Life
 - Joint Life
 - 50% survivorship
 - 100% survivorship

ADDITIONAL ANNUITY FEATURES

For extra cost:

- Cash refund option
- 10-year certain option
- Cost of living adjustments

TAXES

TSP WITHDRAWALS

- Contributions and growth tax-deferred until withdrawn
- Taxed as ordinary income in year received
- May be subject to 20% backup withholding

FEDERAL EMPLOYEES GROUP LIFE

- Must have been in effect for the 5 years preceding retirement
- Can be dropped or reduced at any time but not added or increased after retirement

FEDERAL EMPLOYEES GROUP LIFE

- Basic Coverage
 - Rounded salary + \$2,000
- Optional Coverages
 - Option A - \$10,000
 - Option B – salary multiples
 - Option C – family coverage

FEDERAL EMPLOYEES GROUP LIFE

- Basic Life Choices in Retirement
 1. No reduction
 2. 50% reduction at 65
 3. 75% reduction at 65

BASIC FEGLI NO REDUCTION OPTION

- Basic cost before retirement
 - \$.3250 per \$1000 per month
- Basic cost after retirement
 - Until age 65 - \$2.155 per \$1000
 - At age 65 - \$1.83 per \$1000

FEGLI BASIC

50% REDUCTION OPTION

- Basic cost before retirement
 - \$.3250 per month per \$1000
- Basic cost after retirement
 - Until age 65 - \$.925 per \$1000
 - At age 65 - \$.60 per \$1000

FEGLI BASIC

75% REDUCTION OPTION

- Basic cost before retirement
 - \$.3250 per month per \$1000
- Basic cost after retirement
 - Until age 65 - \$.3250 per \$1000
 - At age 65 - FREE

FEGLI OPTIONAL

- Option A decreases 2% per month beginning at 65 until it reaches \$2500
- Cost based on age til 65
- Free at 65

FEGLI OPTIONAL

- Options B and C can remain unreduced with cost based on age
 - Current max cost monthly
 - Option B - \$2.752 per \$1000
 - Option C - \$13.00 per multiple

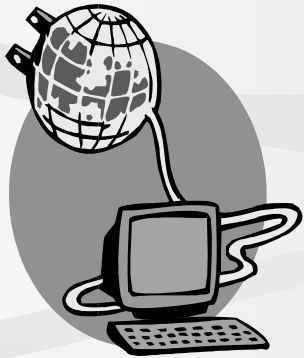
FEGLI ONLINE CALCULATOR

Go to OPM homepage

www.opm.gov

Select “Retirement”

Select “Tools”



Long Term Care Security Act Public Law 106 - 25

September 19, 2000

Long Term Care Partners, LLC
Joint Venture Company Formed by John
Hancock & MetLife

How to Contact LTC Partners

CALL CENTER

1-800-LTC-FEDS

(TDD: 1-800-843-3557)

WEB SITE

www.ltcfeds.com

Email Address

info@ltcpartners.com

Additional Information on Long Term Care

OFFICE OF PERSONNEL MANAGEMENT

WEB SITE:

www.opm.gov/insure/ltc

Email Address

ltc@opm.gov

Who Is Eligible To Apply?

COVERS A BROAD POPULATION

- Federal civilian employees and annuitants
- Persons receiving compensation payments from OWCP (DOL)
- Active-duty and retired members of the uniformed services
- Qualified relatives

Who Is A Qualified Relative?

- For employees or annuitants:
 - Current spouse
 - Adult children (age 18 and over, including adopted and stepchildren)
- For current employees only:
 - Parents, parents-in-law, and stepparents

More on Qualified Relatives

- Qualified relatives can apply even if the employee, member of the uniformed services or annuitant they are related to does not
- Each person applies individually
- Qualified relatives may be subject to different underwriting standards than employee

What Is Underwriting?

- Underwriting is the process of reviewing your health status to determine whether you qualify for coverage
- Employees, members of the uniformed services and their spouses have abbreviated underwriting during open season

Six Decisions for Designing Your Personal LTC PLAN

- Comprehensive or Facilities-Only
- Daily benefit amount (DBA)
- Daily or weekly reimbursement
- Benefit period
- Waiting period
- Inflation protection

Decision #1

Comprehensive Or Facilities-Only

Covered Services

Facilities-Only Plan

- Nursing Home
- Assisted Living Facility
- Hospice (facility only)
- Respite Services (facility only)

Decision #1

Comprehensive or Facilities-Only

Covered Services Comprehensive Plan

- Nursing Home
- Assisted Living Facility
- Hospice Care (facility and home)
- Respite Services (facility and home)
- Home Care (formal and informal)
- Adult Day Care

Decision #2

Daily Benefit Amount

- You must decide what amount of coverage you would like to have per day. You may elect a DBA in \$25 increments between \$50 and \$300 per day.
- The amount will be influenced by LTC costs in your geographic area

Decision #2

Daily Benefit Amount

To get help with the cost of long-term care in your area go to:

www.ltcfeds.com

Click on “Planning Tools”

Decision #2

Daily Benefit Amount

Reimbursement Rates

- Up to 100% of the DBA for care received in a nursing home, assisted living facility, hospice care or respite services
- Up to 75% of the DBA for home care (formal and informal), and adult day care.

Decision #3

Daily or Weekly Reimbursement

- May elect to have payment calculated on weekly basis
- Weekly benefit is equal to 7 times your DBA
- Provides greater flexibility for home care
- Costs a little extra

Example:

Daily Vs. Weekly Reimbursement

If insured requires home care 5 days per week, six hours per day at \$17 per hour (\$510 wk), reimbursement would be calculated as follows:

Using Daily Basis - \$100 DBA – 75%

\$75 x 5 = \$375 (leaves \$135 unpaid)

Using Weekly Basis - \$100 DBA – 75%

\$75 x 7 = \$525 (covers full cost)

Decision #4

Benefit Period

- You may choose a limited benefit period of 3 years or 5 years. Your benefit period combined with your DBA creates your lifetime maximum.

or

- You may choose an unlimited benefit period with no lifetime maximum.

Calculating Your Maximum Lifetime Benefit

$$\text{DBA} \times \text{Days in Benefit Period} = \\ \text{Maximum Lifetime Benefit}$$

Example of 3 Year Benefit Period:

$$\$100 \text{ DBA} \times 1095 \text{ days} = \$109,500$$

***Pool of money can last longer than “benefit period”
depending on LTC options you utilize***

Decision #5

Waiting Period

- Number of days you must be eligible for benefits and receiving covered services before benefits are payable:
 - 90 days
 - 30 days
- Need to meet it only once in your lifetime

Decision #6

Inflation Protection Options

- Inflation reduces your purchasing power and affects benefits. Inflation protection is important.

Two Choices:

- Automatic Compound Inflation (ACI)
 - Future Purchase Option (FPO)

Decision #6

Inflation Protection Options

- Automatic Compound Inflation
 - Benefits will automatically increase by 5% compounded annually (even if you are eligible for benefits)
 - Premiums do not increase even though your benefits do

Decision #6

Inflation Protection Options

- Future Purchase Option
 - May increase coverage every two years based on rise in CPI for Medical Care
 - Additional premium for increased coverage based on current age
 - If you decline three increases, you don't get any more offers

Calculating the Premium

Go to www.ltcfed.com

Click on “Premium Calculator”

You can enter up to 4 different scenarios and display results side-by-side for comparison

How to Qualify for Benefits

- You must require substantial assistance performing at least 2 activities of daily living for an expected period of at least 90 days

or

- You must have a Severe Cognitive Impairment (e.g. Alzheimer's)

How to Qualify for Benefits

- Activities of Daily Living (ADLs) include:
 - Eating
 - Bathing
 - Dressing
 - Toileting
 - Continence
 - Transferring (e.g. bed to chair)

When Benefits Start

Benefits start when:

- You have met your required waiting period and
- A licensed health care practitioner certifies that you meet the “benefit triggers” and
- The insurance company agrees

Care Coordinators Help You Every Step of the Way

- Answering your questions
- Deciding whether you qualify for benefits
- Locating providers and accessing discounts
- Monitoring your care
- Also available to qualified relatives if you're enrolled and they are not

How To Apply

- You may be eligible to apply on-line at www.ltcfeds.com

Or

- Print application and mail to:

Long-Term Care Partners

P.O. Box 5725

Hopkins, MN 55343-5725

Once You're Approved...

- Will receive a Benefit Booklet (your policy)
- Will receive your personalized Schedule of Benefits
- Will have a 30-day “free-look” period

Comparison Shopping

Companion Guide to the *NAIC Shopper's Guide to Long-Term Care Insurance*

- Can be downloaded from LTC Partners web site
- Use Worksheets on pages 8-10

From The Resource Library

www.ltcfeds.com

- Applications (abbreviated and full)
- NAIC Shopper's Guide to LTC
- OPM's Companion Guide
- LTC Insurance Primer
- Benefit Booklet
- Sample Schedule of Benefits